

A copy of this preliminary short form base shelf prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form base shelf prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form base shelf prospectus is obtained from the securities regulatory authorities.

This short form base shelf prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Life & Banc Split Corp. at its head office located at Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Box 793, Toronto, Ontario M5J 2T3, or by calling 1-866-642-6001, and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue

October 31, 2019



\$300,000,000

Preferred Shares and Class A Shares

During the 25-month period that this short form base shelf prospectus, including any amendments hereto, remains effective, Life & Banc Split Corp. (the “Company”) may from time to time offer and issue preferred shares (“Preferred Shares”) and class A shares (“Class A Shares”) in an aggregate principal amount of up to \$300,000,000. Preferred Shares and Class A Shares may be offered in such amount as may be determined in light of market conditions. The specific terms of the Preferred Shares and Class A Shares in respect of which this short form base shelf prospectus is being delivered will be set forth in one or more prospectus supplements (each a “Prospectus Supplement”) to be delivered to purchasers together with this short form base shelf prospectus, and may include, where applicable, the aggregate offered amount, the number of Preferred Shares and Class A Shares offered, the issue price, the dividend rate, the dividend payment dates and any terms for redemption at the option of the Company or the holder. Each such Prospectus Supplement will be incorporated by reference into this short form base shelf prospectus for the purposes of securities legislation as of the date of each such Prospectus Supplement and only for the purposes of the distribution of Preferred Shares and Class A Shares to which such Prospectus Supplement pertains.

Preferred Shares and Class A Shares are issued only on the basis that an equal number of Preferred Shares and Class A Shares will be outstanding at all times. The Company is a mutual fund corporation incorporated under the laws of the Province of Ontario. The Company invests in a portfolio (the “Portfolio”) consisting of common shares of the six largest Canadian banks and the four major publicly traded Canadian life insurance companies. As of October 31, 2019, the Portfolio consisted of common shares of the following Canadian banks and Canadian life insurance companies:

| | |
|------------------------------------|--------------------------------|
| The Bank of Nova Scotia | Royal Bank of Canada |
| National Bank of Canada | iA Financial Group |
| The Toronto-Dominion Bank | Great-West Lifeco Inc. |
| Canadian Imperial Bank of Commerce | Manulife Financial Corporation |
| Bank of Montreal | Sun Life Financial Inc. |

The Company may sell Preferred Shares and Class A Shares to or through underwriters or dealers or directly to investors or through agents. The Prospectus Supplement relating to the Preferred Shares and Class A Shares offered by the Company will identify each person who may be deemed to be an underwriter with respect to such Preferred Shares and Class A Shares and will set forth the terms of the offering of such Preferred Shares and Class A Shares, including, to the extent applicable, the offering price, the proceeds to the Company, the underwriting commissions and any other fees, discounts or concessions to be allowed or reallocated to dealers. The lead underwriter or lead agent or underwriters or agents with respect to the Preferred Shares and Class A Shares sold to or through underwriters will be named in the related Prospectus Supplement. The underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares and/or Class A Shares offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

The Preferred Shares and the Class A Shares are listed on the Toronto Stock Exchange (the “TSX”) under the symbols LBS.PR.A and LBS, respectively. On October 30, 2019, the closing price on the TSX of the Preferred Shares was \$10.31 and of the Class A Shares was \$7.89.

An investment in the Preferred Shares or the Class A Shares involves a degree of risk. It is important for prospective investors to consider the risk factors described in this short form base shelf prospectus. See “*Risk Factors*”.

All shelf information permitted under applicable law to be omitted from this short form base shelf prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this prospectus. Each Prospectus Supplement will be incorporated by reference into this short form base shelf prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Preferred Shares and Class A Shares to which the Prospectus Supplement pertains.

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GLOSSARY OF TERMS

In this short form base shelf prospectus, the following terms have the meanings set forth below, unless otherwise indicated. Unless otherwise indicated, all references to dollar amounts in this short form base shelf prospectus are to Canadian dollars.

“**1933 Act**” means the United States *Securities Act of 1933*, as it may be amended from time to time.

“**Agents**” means Canadian Imperial Bank of Commerce and The Bank of New York Mellon.

“**Annual Retraction Date**” means the second last Business Day of November of each year. The Annual Retraction Date will not apply in any year in which a Special Retraction Right has been exercised.

“**Board of Directors**” means the Company’s board of directors.

“**Brompton Funds**” means Brompton Corp. and its wholly owned subsidiary Brompton Funds Limited, which acts as manager of the Company. Brompton Corp. is in the business of managing investment funds.

“**Business Day**” means any day on which the TSX is open for business.

“**cash equivalents**” means, and for the purposes of “cash cover” and “cash covered put option”, “cash” as used therein means:

- (a) cash on deposit at the Company’s custodian;
- (b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by:
 - (i) any of the federal or provincial Governments of Canada;
 - (ii) the Government of the United States; or
 - (iii) a Canadian financial institution;provided that, in the case of (ii) and (iii), such evidence of indebtedness has a rating of at least R-1 (mid) by DBRS or the equivalent rating from another designated rating organization; or
- (c) other cash cover as defined in NI 81-102.

“**Class A Shares**” means the class A shares of the Company.

“**Class J Shares**” means the class J shares of the Company.

“**Company**” means Life & Banc Split Corp., a mutual fund corporation incorporated under the laws of the Province of Ontario.

“**CRA**” means the Canada Revenue Agency.

“**Custodian**” means CIBC Mellon Trust Company, in its capacity as custodian under the Custodial Services Agreement, as appointed from time to time by the Company.

“**DBRS**” means DBRS Limited.

“**IRC**” means the independent review committee established by the Manager for the Company pursuant to NI 81-107.

“**Investment Guidelines**” means the investment guidelines of the Company described under “*The Company – Investment Guidelines*” in this short form base shelf prospectus.

“**Investment Objectives**” means the investment objectives of the Company described under “*The Company – Investment Objectives*” in this short form base shelf prospectus.

“**Investment Restrictions**” means the investment restrictions of the Company described under “*The Company – Investment Restrictions*” in this short form base shelf prospectus.

“**Manager**” means Brompton Funds Limited, in its capacity as manager of the Company, or if applicable, its successor.

“**Management Agreement**” means the management agreement dated as of September 28, 2006 between the Company and the Manager as it may be amended from time to time.

“**Management Fee**” has the meaning given to such term under “*Fees and Expenses – Management Fee*”.

“**Maturity Date**” means October 30, 2023, subject to extension for successive terms of up to five years as determined by the Board of Directors.

“**NAV per Unit**” means the NAV of the Company divided by the number of Units then outstanding.

“**Net Asset Value**” or “**NAV**” means the specified net asset value which, on any date, will be equal to the difference between the aggregate value of the assets of the Company and the aggregate value of the liabilities of the Company on that date. The Net Asset Value of the Company on a particular date will be equal to (i) the aggregate value of the assets of the Company, less (ii) the aggregate value of the liabilities of the Company, (the Preferred Shares will not be treated as liabilities for these purposes) including any distributions declared and not paid that are payable to Shareholders on or before such date, less (iii) the stated capital of the Class J Shares (\$100) as described in the current annual information form of the Company.

“**NI 81-102**” means National Instrument 81-102 of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**NI 81-106**” means National Instrument 81-106 of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**NI 81-107**” means National Instrument 81-107 of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**Portfolio**” means the Company’s investment portfolio.

“**Preferred Shares**” means the preferred shares of the Company.

“**Prospectus Supplement**” means a prospectus supplement to be delivered to purchasers together with this short form base shelf prospectus, and may include, where applicable, the aggregate offered amount, the number of Preferred Shares and Class A Shares offered, the issue price, the dividend rate, the dividend payment dates and any terms for redemption at the option of the Company or the holder.

“**Rebalancing Criteria**” means the Rebalancing Criteria of the Company described in the Company’s most recent annual information form.

“**Retraction Date**” means the second last Business Day of a month.

“**Retraction Payment Date**” means the date that is on or before the tenth Business Day in the month following a Retraction Date.

“**Securities Lending Agreement**” means the securities lending authorization dated as of September 15, 2016, among the Company, CIBC Mellon Global Securities Company, CIBC Mellon Trust Company and the Agents to provide securities lending services relating to the Portfolio.

“**Service Fee**” has the meaning given to such term under “*Fees and Expenses – Service Fee*”.

“**Shareholder**” means a holder of a Preferred Share or a Class A Share and “**Shareholders**” means more than one holder of a Preferred Share or Class A Share.

“**Share**” means a Preferred Share or a Class A Share and “**Shares**” means more than one Class A Share and/or Preferred Share.

“**TSX**” means the Toronto Stock Exchange.

“**Unit**” means a notional unit consisting of one Preferred Share and one Class A Share. The number of Units outstanding at any time will be equal to the sum of the number of Preferred Shares and Class A Shares then outstanding divided by two.

“**United States**” means the United States of America, its territories and possessions.

“**U.S. person**” has the meaning given to such term in Regulation S under the 1933 Act.

FORWARD LOOKING STATEMENTS

Certain of the statements contained in this short form base shelf prospectus may be forward-looking statements. The use of words such as “may,” “will,” “should,” “could,” “anticipate,” “believe,” “expect,” “intend,” “plan,” “potential,” “continue” and similar expressions have been used to identify these forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the Manager believes the expectations reflected in the forward-looking statements are reasonable, no assurance can be given that actual results will be consistent with these expectations and forward-looking statements. Potential subscribers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company and the Manager assume no obligation to update or revise them to reflect new events or circumstances except as may be required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference and form an integral part of this short form base shelf prospectus:

- (a) the annual information form of the Company dated March 19, 2019 for the year ended December 31, 2018;
- (b) the annual financial statements of the Company dated March 12, 2019, together with the accompanying report of the auditor, for the fiscal year ended December 31, 2018;
- (c) the management report of fund performance of the Company dated March 12, 2019 for the fiscal year ended December 31, 2018;
- (d) the unaudited interim financial statements of the Company dated August 7, 2019 for the period ended June 30, 2019; and
- (e) the management report of fund performance of the Company dated August 7, 2019 for the period ended June 30, 2019.

Any of the documents of the type referred to above, including any material change reports (excluding confidential material change reports), annual information forms, interim and annual financial statements and related management reports of fund performance, business acquisition reports and information circulars filed by the Company with a securities commission or similar authority in Canada after the date of this short form base shelf prospectus and prior to the termination of an offering of Preferred Shares and Class A Shares, will be deemed to be incorporated by reference in this short form base shelf prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this short form base shelf prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form base shelf prospectus.

Upon a new annual information form, semi-annual or annual financial statements and management report on fund performance being filed with and, where required, accepted by the applicable securities regulatory authorities during the currency of this short form base shelf prospectus, the previous annual information form, semi-annual or annual

financial statements and management report on fund performance and all material change reports filed prior to the commencement of the then current fiscal year will be deemed no longer to be incorporated into this short form base shelf prospectus for purposes of future offers and sales of Preferred Shares and Class A Shares hereunder.

A Prospectus Supplement containing the specific terms of an offering of Preferred Shares and Class A Shares will be delivered to purchasers of such Preferred Shares and Class A Shares together with this short form base shelf prospectus and will be deemed to be incorporated into this short form base shelf prospectus as of the date of such Prospectus Supplement but only for purposes of the offering of Preferred Shares and Class A Shares covered by that Prospectus Supplement.

THE COMPANY

Life & Banc Split Corp. (the “Company”) is a mutual fund corporation incorporated under the laws of the Province of Ontario on September 6, 2006 with a registered office located at Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2T3.

In October 2006, the Company completed its initial public offering of 11,600,000 Preferred Shares and 11,600,000 Class A Shares pursuant to a prospectus dated September 28, 2006. Preferred Shares and Class A Shares are issued only on the basis that an equal number of Preferred Shares and Class A Shares will be issued and outstanding.

In July 2010, the Company completed a new issue from treasury of 247,772 Preferred Shares and 247,772 Class A Shares pursuant to a warrant offering under a prospectus dated July 7, 2010 and in February 2011, the Company completed a new issue from treasury of 3,341,143 Preferred Shares and 3,341,143 Class A Shares pursuant to a warrant offering under a prospectus dated February 9, 2011.

Commencing November 6, 2012, Brompton Funds Limited began managing the Company’s portfolio and options program.

On January 30, 2013, Board of Directors announced it approved a proposal to, among other things, extend the term of the Company beyond its scheduled Maturity Date of November 29, 2013 for a period of up to 5 years as determined by the board of directors. In addition, the Maturity Date may be further extended for successive terms of up to five years thereafter as determined by the Board of Directors. The Board of Directors called and held a special meeting of Shareholders on April 11, 2013 to consider and vote on the proposal.

On April 11, 2013, the Company received approval at a special meeting of Shareholders of the Company to:

- allow for the extension of the term of the Preferred Shares and Class A Shares for successive periods of up to 5 years to be determined by the Board of Directors;
- provide shareholders who do not wish to continue their investment in the Company with a special retraction right to enable such holders to retract their Preferred Shares and Class A Shares on any subsequent extension; and
- to provide the Company with the right to redeem Preferred Shares and/or Class A Shares on a pro rata basis to the extent that more Preferred Shares than Class A Shares (or vice versa) are retracted under any special retraction right.

On December 3, 2013, pursuant to a treasury offering, the Company issued 1,568,650 Class A Shares and 3,290,727 Preferred Shares. The total gross proceeds raised by the Company were approximately \$49.4 million. The company issued 1,722,077 Preferred Shares as a result of its non-concurrent redemption of 1,722,077 Preferred Shares.

On April 7, 2015, pursuant to a treasury offering, the Company issued 1,300,000 Class A Shares and 1,300,000 Preferred Shares. On April 23, 2015, an additional 22,000 Class A Shares and 22,000 Preferred Shares were issued pursuant to the exercise of the agents’ over-allotment option in connection with the treasury offering. The total gross proceeds raised by the Company were approximately \$25.9 million.

On July 7, 2015, pursuant to a treasury offering, the Company issued 1,860,000 Class A Shares and 1,860,000 Preferred Shares. The total gross proceeds raised by the Company were approximately \$36.7 million.

On September 25, 2017, the Board of Directors of the Company announced the extension of the term of the Shares from November 29, 2018 to October 30, 2023.

On October 4, 2017, pursuant to a treasury offering, the Company issued 4,100,000 Class A Shares and 4,100,000 Preferred Shares. The total gross proceeds raised by the Company were approximately \$81.6 million.

On July 4, 2018, pursuant to a treasury offering, the Company issued 2,532,000 Class A Shares and 2,532,000 Preferred Shares. The total gross proceeds raised by the Company were approximately \$50.1 million.

On September 25, 2018, the Company announced that in connection with the extension of the term of the Company to October 30, 2023 the distribution rate for the Preferred Shares would be \$0.545 per Preferred Share per annum.

On December 3, 2018, pursuant to a treasury offering, the Company issued 1,164,400 Class A Shares and 4,898,432 Preferred Shares. The total gross proceeds raised by the Company were approximately \$58.4 million.

On April 4, 2019, pursuant to a treasury offering, the Company issued 1,408,600 Class A Shares and 1,408,600 Preferred Shares. The total gross proceeds raised by the Company were approximately \$25.5 million.

While the Company is technically considered to be a mutual fund under the securities legislation of certain provinces of Canada, the Company is not a conventional mutual fund and has obtained exemptions from certain requirements of NI 81-102 and NI 81-106.

The Class A Shares and Preferred Shares are listed on the TSX under the symbols LBS and LBS.PR.A, respectively.

Investment Objectives

The investment objectives for the Preferred Shares are to provide their holders with fixed cumulative preferential quarterly cash distributions and to return the original issue price to holders of Preferred Shares on the Maturity Date.

The investment objectives for the Class A Shares are to provide their holders with regular monthly cash distributions targeted to be \$0.10 per Class A Share and to provide holders of Class A Shares with the opportunity for growth in NAV per Class A Share.

The Company invests, on an equally weighted basis, in a portfolio consisting of common shares of the six largest banks and the four major publicly traded Canadian life insurance companies.

Investment Guidelines

In order to achieve its investment objectives, the Company invests in a portfolio of common shares of the six largest Canadian banks and the four major publicly traded Canadian life insurance companies as set out below:

| | |
|------------------------------------|--------------------------------|
| The Bank of Nova Scotia | Royal Bank of Canada |
| National Bank of Canada | iA Financial Group |
| The Toronto-Dominion Bank | Great-West Lifeco Inc. |
| Canadian Imperial Bank of Commerce | Manulife Financial Corporation |
| Bank of Montreal | Sun Life Financial Inc. |

The Manager is responsible for maintaining the Portfolio in accordance with the Investment Guidelines and Rebalancing Criteria and, at its discretion, selectively writes covered call options and cash covered put options from time to time in respect of the shares included in the Portfolio in order to generate additional distributable income for the Company.

The Company may from time to time hold cash and cash equivalents.

Rebalancing Criteria

The Portfolio will be rebalanced (i) at least annually, to adjust for changes in the market value of investments; and (ii) to reflect the impact of a merger, acquisition or other significant corporate action or event of or affecting one or more of the Canadian banks or life insurance companies in the Portfolio. As a result, the Portfolio may contain the common shares of less than six Canadian banks and less than four Canadian life insurance companies. In addition, between the rebalancing dates, the Company may sell Portfolio securities for working capital purposes or replace Portfolio securities with proceeds from the exercise of covered call options previously written. In order to rebalance the

Portfolio, the Manager will, at the time of rebalancing, calculate the market value of the Portfolio, less any amount to be used for working capital purposes, and divide such resultant amount by the number of issuers to be included in the Portfolio. Rebalancing transactions will be effected as soon as is reasonably practicable thereafter. As a result of changes in market prices of the shares in the Portfolio between rebalancing dates, it is not expected that the issuers included in the Portfolio will be exactly equally weighted at any given time.

The Portfolio may also be rebalanced in the event of any future offering of shares by the Company. New Class A Shares and Preferred Shares may not be issued for net proceeds per Unit less than the most recently calculated Net Asset Value per Unit prior to the date of the setting of the subscription price by the Company, unless approved by holders of Class A Shares and Preferred Shares, each voting separately as a class by extraordinary resolution, at a meeting called for such purpose.

Investment Restrictions

The Company is subject to certain investment restrictions that, among other things, limit the equity securities and other securities that the Company may acquire for the Portfolio. The Company's Investment Restrictions may not be changed without the approval of the holders of the Class A Shares and Preferred Shares, each voting separately as a class, by an extraordinary resolution, at a meeting called for such purpose.

In addition, but subject to the Investment Restrictions, the Company has adopted the standard investment restrictions and practices set forth in NI 81-102 (as it may be amended from time to time), other than those outlined in the Company's most recent annual information form.

Maturity Date

The Maturity Date of the Company, on which date it will redeem all of the Preferred Shares and Class A Shares is October 30, 2023, subject to extension for successive terms of up to 5 years as determined by the Board of Directors.

Securities Lending

In order to generate additional returns, the Company may lend Portfolio securities to securities borrowers acceptable to the Company pursuant to the terms of the Securities Lending Agreement under which: (i) the borrower will pay to the Company a negotiated securities lending fee and will make compensation payments to the Company equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Income Tax Act (Canada); and (iii) the Company will receive collateral security. The Company may only lend the portion of the securities of a Portfolio issuer that is not subject to a covered call option. The Company has appointed the Custodian to act as securities lending agent in the event that it lends Portfolio securities to securities borrowers. Such agent is responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis. Acceptable collateral would generally be limited to Government of Canada or provincial treasury securities or other liquid collateral as approved by the Board of Directors, in each case with a value equal to 105% of the value of the securities on loan. Any securities lending transactions entered into by the Company may be terminated by the Company at any time.

DESCRIPTION OF THE SHARES OF THE COMPANY

The following description sets forth certain general terms and provisions of the Preferred Shares and Class A Shares. The particular terms and provisions of the Preferred Shares and Class A Shares offered by a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement.

Certain Provisions of the Preferred Shares

Distributions

Holders of record of Preferred Shares at 5:00 p.m. (Toronto time) on the last Business Day of March, June, September and December are entitled to receive fixed, cumulative preferential quarterly cash distributions of \$0.13625 per

Preferred Share (\$0.545 per annum) until October 30, 2023 and will be paid on or before the tenth Business Day in the month following the end of the period in respect of which the distribution is payable. Such distributions may consist of ordinary dividends, capital gains dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to holders of Preferred Shares.

Redemptions

All Preferred Shares outstanding on the Maturity Date will be redeemed by the Company on such date. The redemption price payable by the Company for a Preferred Share on that date will be equal to the lesser of (i) \$10.00, plus any accrued and unpaid distributions thereon and (ii) the NAV of the Company on that date divided by the total number of Preferred Shares then outstanding.

Retraction Privileges

Monthly

Preferred Shares may be surrendered at any time for retraction to TSX Trust Company, the Company's registrar and transfer agent, but will be retracted only on the monthly Retraction Date. Preferred Shares surrendered for retraction by a Shareholder by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Retraction Date will be retracted on such Retraction Date and the Shareholder will be paid on the Retraction Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the tenth Business Day immediately preceding a Retraction Date, the Preferred Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Preferred Shares on the Retraction Payment Date in respect of such Retraction Date.

Except as noted below, holders of Preferred Shares whose Preferred Shares are surrendered for retraction will be entitled to receive a retraction price per Preferred Share equal to 96% of the lesser of (i) the NAV per Unit determined as of such Retraction Date less the cost to the Company of the purchase of a Class A Share for cancellation; and (ii) \$10.00. For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A Share. If the NAV per Unit is less than \$10.00 plus any accrued and unpaid distributions on the Preferred Shares, the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Preferred Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

Annual Concurrent

In addition to the above, a holder of Preferred Shares may concurrently retract an equal number of Preferred Shares and Class A Shares on the Annual Retraction Date of each year at a retraction price per Unit equal to the NAV per Unit on that date, less any costs associated with the retraction, including commissions and other such costs if any, related to the liquidation of any portion of the Portfolio required to fund such transaction. The Preferred Shares and Class A Shares must both be surrendered for retraction at least ten Business Days prior to the Annual Retraction Date. Payment of the proceeds of retraction will be made on or before the tenth Business Day of the following month, subject to the Manager's right to suspend retractions in certain circumstances.

Non-Concurrent Retraction Right

Upon the announcement of each extension of the Maturity Date, holders of Preferred Shares will be entitled to retract their Preferred Shares pursuant to a non-concurrent retraction right and the Company will provide at least 60 days' notice to the holders of Preferred Shares. The holders of Preferred Shares will receive the same amount per Preferred Share that would have applied had the Company redeemed all of the Preferred Shares on the Maturity Date as scheduled prior to the extension. Preferred Shares must be surrendered for retraction by 5:00 p.m. (Toronto time) on the last Business Day of October in the year in which there is an extension of the term of the Preferred Shares. The holders of Preferred Shares will receive payment for Preferred Shares so retracted no later than the tenth Business Day of the following month.

If more Class A Shares than Preferred Shares have been redeemed pursuant to the non-concurrent retraction right, the Company will be authorized to redeem Preferred Shares on a pro rata basis in a number to be determined by the

Company reflecting the extent to which the number of Preferred Shares outstanding following the non-concurrent retraction exceeds the number of Class A Shares outstanding following the non-concurrent retraction. Conversely, if more Preferred Shares than Class A shares have been redeemed pursuant to the non-concurrent retraction right, the Company may issue Preferred Shares to the extent that the number of Class A Shares outstanding following the non-concurrent retraction exceeds the number of Preferred Shares outstanding following the non-concurrent retraction.

General

Any and all Preferred Shares that have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Preferred Shares will remain outstanding.

Priority

The Preferred Shares rank in priority to the Class A Shares and the Class J Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Company.

Certain Provisions of the Class A Shares

Distributions

The Company intends to pay monthly non-cumulative distributions to the holders of Class A Shares in an amount targeted to be \$0.10 per Class A Share. Such distributions will be paid on or before the tenth Business Day of the month following the month in respect of which the distribution is payable. Such distributions may consist of ordinary dividends, capital gains dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to holders of Class A Shares.

No distributions will be paid on the Class A Shares if (i) the distributions payable on the Preferred Shares are in arrears, or (ii) in respect of a cash distribution, after the payment of a cash distribution by the Company, the NAV per Unit would be less than \$15.00. In addition, the Company will not pay distributions in excess of \$0.10 per month, on the Class A Shares if after payment of the distribution the NAV per Unit would be less than \$25.00 unless the Company has to make such distributions so as to fully recover refundable taxes. Subject to the distribution entitlement of the holders of the Preferred Shares, the Board of Directors shall allocate return of capital distributions first to holders of the Class A Shares before paying distributions representing return of capital to holders of the Preferred Shares.

In the event that the Company realizes capital gains, the Company may, at its option, make a special year-end capital gains distribution in certain circumstances in Class A Shares and/or cash. Any capital gains distribution payable in Class A Shares will increase the aggregate adjusted cost base to holders of Class A Shares of such shares. Immediately following payment of such a distribution in Class A Shares, the number of Class A Shares outstanding will be automatically consolidated such that the number of Class A Shares outstanding after such distribution will be equal to the number of Class A Shares outstanding immediately prior to such distribution. Non-resident Shareholders may be subject to withholding tax and therefore the consolidation may result in such non-resident holding fewer Class A Shares than prior to the distribution and consolidation.

Distributions are payable to holders of Class A Shares of record at 5:00 p.m. (Toronto time) on the last Business Day of each month.

Redemptions

All Class A Shares outstanding on the Maturity Date will be redeemed by the Company on such date. The redemption price payable by the Company for a Class A Share on that date will be equal to the greater of (i) the NAV per Unit on that date minus \$10.00 plus any accrued and unpaid distributions on the Preferred Shares, and (ii) nil.

Retraction Privileges

Monthly

Class A Shares may be surrendered at any time for retraction to TSX Trust Company, the Company's registrar and transfer agent, but will be retracted only on the monthly Retraction Date. Class A Shares surrendered for retraction by a Shareholder by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the monthly Retraction Date will be retracted on such Retraction Date and the Shareholder will be paid on or before the Retraction Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the tenth Business Day immediately preceding a Retraction Date, the Class A Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Shares on the Retraction Payment Date in respect of such Retraction Date.

Except as noted below, holders of Class A Shares whose Class A Shares are surrendered for retraction will be entitled to receive a retraction price per Class A Share equal to 96% of the difference between (i) the NAV per Unit determined as of such Retraction Date, and (ii) the cost to the Company of the purchase of a Preferred Share for cancellation. For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred Share. If the NAV per Unit is less than \$10.00, plus any accrued and unpaid distributions on a Preferred Share the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Class A Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

Annual Concurrent

In addition to the above, a holder of Class A Shares may concurrently retract an equal number of Preferred Shares and Class A Shares on the Annual Retraction Date of each year at a retraction price per Unit equal to the NAV per Unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Preferred Shares and the Class A Shares must both be surrendered at least ten Business Days prior to the Annual Retraction Date. Payment of the proceeds will be made on or before the tenth Business Day of the following month, subject to the Manager's right to suspend retractions in certain circumstances.

Non-Concurrent Retraction Right

Upon the announcement of each extension of the Maturity Date, holders of Class A Shares will be entitled to retract their Class A Shares pursuant to a non-concurrent retraction right and the Company will provide at least 60 days' notice to holders of Class A Shares. The holders of Class A Shares will receive the same amount per Class A Share that would have applied had the Company redeemed all of the Class A Shares on the Maturity Date as scheduled prior to the extension. Class A Shares must be surrendered for retraction by 5:00 p.m. (Toronto time) on the last Business Day of October in the year in which there is an extension of the term of the Class A Shares. The holders of Class A Shares will receive payment for Class A Shares so retracted no later than the tenth Business Day of the following month.

If more Preferred Shares than Class A Shares have been redeemed pursuant to the non-concurrent retraction right, the Company will be authorized to redeem Class A Shares on a pro rata basis in a number to be determined by the Company reflecting the extent to which the number of Class A Shares outstanding following the non-concurrent retraction exceeds the number of Preferred Shares outstanding following the non-concurrent retraction. Conversely, if more Class A Shares than Preferred Shares have been redeemed pursuant to the non-concurrent retraction right, the Company may issue Class A Shares to the extent the number of Preferred Shares outstanding following the non-concurrent retraction exceeds the number of Class A Shares outstanding following the non-concurrent retraction.

General

Any and all Class A Shares that have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Class A Shares will remain outstanding.

Priority

The Class A Shares rank subsequent to the Preferred Shares but in priority to the Class J Shares with respect to the payment of distributions and the repayment of capital out of the Portfolio on the dissolution, liquidation or winding up of the Company.

DESCRIPTION OF SHARE CAPITAL

The Company is authorized to issue an unlimited number of Preferred Shares, Class A Shares and Class J Shares. The holders of Class J Shares are not entitled to receive dividends and are entitled to one vote per Class J Share. The Class J Shares are redeemable and retractable at a price of \$1.00 per Class J Share. The Class J Shares rank subsequent to both the Preferred Shares and the Class A Shares with respect to distributions on the dissolution, liquidation or winding up of the Company. There are 100 Class J Shares issued and outstanding. A trust established for the benefit of the holders of the Preferred Shares and the Class A Shares owns all of the issued and outstanding Class J Shares.

DISTRIBUTION HISTORY

The Company has declared aggregate dividends on the Preferred Shares of \$6.57 per share, representing 28 quarterly dividends of \$0.13125 per Preferred Share (\$0.10842 per Preferred Share for the first dividend) declared quarterly since the commencement of investment operations in October 2006 until November 29, 2013, 20 quarterly dividends of \$0.11875 per Preferred Share (\$0.12690 per Preferred Share for the first dividend) for the period from November 30, 2013 until November 29, 2018 and 4 quarterly dividends of \$0.13625 per Preferred Share (\$0.12484 per Preferred Share for the first dividend) thereafter.

During the same period, the Company has declared aggregate distributions on the Class A Shares of \$14.65 per share, representing 147 monthly distributions of \$0.10 per Class A Share (\$0.04839 per Class A Share for the first distribution).

USE OF PROCEEDS

Unless otherwise indicated in a Prospectus Supplement, the net proceeds from the sale of Preferred Shares and Class A Shares will be used to fund the purchase of securities for the Portfolio in accordance with the Investment Objectives, Investment Guidelines and Investment Restrictions.

PLAN OF DISTRIBUTION

The Company may sell Preferred Shares and Class A Shares to or through underwriters, dealers or agents and also may sell Preferred Shares and Class A Shares directly to purchasers or through agents.

The distribution of Preferred Shares and Class A Shares may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers.

In connection with the sale of Preferred Shares and Class A Shares, underwriters or agents may receive compensation from the Company (a portion of which may be paid by the Manager, in its sole discretion) or from purchasers of Preferred Shares and Class A Shares for whom they may act as agents in the form of concessions or commissions. Underwriters, dealers and agents that participate in the distribution of Preferred Shares and Class A Shares may be deemed to be underwriters and any commissions received by them from the Company and any profit on the resale of Preferred Shares and Class A Shares by them may be deemed to be underwriting commissions. Any such person that

may be deemed to be an underwriter with respect to Preferred Shares and Class A Shares will be identified in the Prospectus Supplement relating to such shares.

The Prospectus Supplement relating to the Preferred Shares and Class A Shares offered by the Company will identify each person who may be deemed to be an underwriter with respect to such Preferred Shares and Class A Shares and will set forth the terms of the offering of such Preferred Shares and Class A Shares, including, to the extent applicable, the offering price, the proceeds to the Company, the underwriting commissions and any other fees, discounts or concessions to be allowed or reallocated to dealers. The lead underwriter or lead agent or underwriters or agents with respect to the Preferred Shares and Class A Shares sold to or through underwriters will be named in the related Prospectus Supplement. The underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares and/or Class A Shares offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Under agreements which may be entered into by the Company, underwriters, dealers and agents who participate in the distribution of Preferred Shares and Class A Shares may be entitled to indemnification by the Company against certain liabilities, including liabilities under Canadian provincial securities legislation, or to contribution with respect to payments which those underwriters, dealers or agents may be required to make in respect thereof. Those underwriters, dealers and agents may be customers of, engage in transactions with or perform services for the Company or its subsidiaries in the ordinary course of business.

In connection with any underwritten offering of Preferred Shares and Class A Shares, the underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares and/or Class A Shares offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Preferred Shares and the Class A Shares will not be registered under the 1933 Act or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons.

ORGANIZATION AND MANAGEMENT OF THE COMPANY

Manager and Portfolio Manager

Pursuant to the Management Agreement, the Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Company, and may delegate certain of its powers to third parties at no additional cost to the Company where, in the discretion of the Manager, it would be in the best interests of the Company and the Shareholders to do so. The Manager is also responsible for the portfolio management of the Company including writing call options and put options in accordance with the Investment Objectives, Investment Guidelines and Investment Restrictions of the Company.

In consideration for the services provided by the Manager to the Company, the Company pays a fee to the Manager equal to 0.60% per annum of the NAV of the Company calculated and payable monthly in arrears plus applicable taxes. The Company reimburses the Manager for all reasonable costs and expenses incurred by the Manager on behalf of the Company. The Manager is also paid a service fee by the Company which is applied to pay the service fee payable to dealers based on the number of Class A Shares held by clients of such dealers at the end of each relevant quarter. The service fee (calculated quarterly and paid as soon as practicable after the end of each calendar quarter) is equal to 0.40% per annum of the value of the Class A Shares held at the end of the relevant quarter by clients of dealers, plus applicable taxes. For these purposes, the value of a Class A Share is the NAV per Class A Share.

Transfer Agent and Registrar

TSX Trust Company at its principal offices in Toronto is the registrar and transfer agent for the Preferred Shares and Class A Shares.

Custodian

CIBC Mellon Trust Company is the Company's custodian and is responsible for certain aspects of the day-to-day administration of the Company and provides safekeeping and custodial services in respect of the Company's assets. The address of the Custodian is 1 York Street, Suite 500, Toronto, Ontario M5J 0B6.

Securities Lending Agents

The Company has appointed the Agents as securities lending agents pursuant to the Securities Lending Agreement to provide securities lending services relating to the Portfolio. See "*The Company – Securities Lending*".

Auditor

The auditor of the Company is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licenced Public Accountants, 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

RISK FACTORS

Certain risk factors relating to the Company, the Preferred Shares and the Class A Shares are described below. Additional risks and uncertainties not currently known to the Company, or that are currently considered immaterial, may also impair the operations of the Company. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Company and the ability of the Company to make distributions on the Preferred Shares and Class A Shares, could be materially adversely affected.

Performance of the Portfolio Companies and Other Considerations

The NAV per Unit varies as the value of the securities in the Portfolio changes. The Company has no control over the factors that affect the value of the securities in the Portfolio. Factors unique to each company included in the Portfolio, such as changes in its management, strategic direction, achievement of goals, mergers, acquisitions and divestitures, changes in distribution policies and other events, may affect the value of the securities in the Portfolio. A substantial drop in the equities markets could have a negative effect on the Company and could lead to a significant decline in the value of the Portfolio and the value of the Class A Shares or Preferred Shares. Class A Shares or Preferred Shares of the Company may trade in the market at a discount to their Net Asset Value and there can be no assurance that the Shares will trade at a price equal to their Net Asset Value.

Global Financial Developments

Global financial markets have experienced increased volatility in the last several years. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as global governments have worked to restore much needed liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world. No assurance can be given that efforts to respond to the crisis will continue or that, if continued, they will be successful or that these economies will not be adversely affected by the inflationary pressures resulting from such efforts or central banks' efforts to slow inflation. Further, continued market concerns regarding the European sovereign debt crisis may adversely impact global equity markets. Some of these economies have experienced significantly diminished growth and some are experiencing or have experienced a recession. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Company and the value of the Portfolio. A substantial decline in equities markets could be expected to have a negative effect on the Company and the market price of the Shares.

Market Disruptions

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to the securities held in the Portfolio.

Concentration Risk

The Company will be invested at all times in up to 10 issuers in the financial services industry. The Company's holdings may be considered to be less diversified and the NAV per Unit may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the value of the Class A Shares and the Preferred Shares.

No Assurances on Achieving Objectives

There is no assurance that the Company will be able to achieve its distribution objective or will return to investors an amount equal to or in excess of the original issue price of the Class A Shares or the Preferred Shares. There is no assurance that the Company will be able to pay quarterly distributions on the Preferred Shares or monthly distributions on the Class A Shares. The funds available for distributions to Shareholders will vary according to, among other things, the dividends and distributions paid on all of the securities in the Portfolio, the level of option premiums received and the value of the securities comprising the Portfolio. As the dividends and distributions received by the Company may not be sufficient to meet the Company's objectives in respect of the payment of distributions, the Company may depend on the receipt of option premiums and the realization of capital gains to meet those objectives. Although many investors and financial market professionals price options based on the Black-Scholes Model, in practice actual option premiums are determined in the marketplace and there is no assurance that the premiums predicted by such pricing model can be attained.

Sensitivity to Interest Rates

The market prices of the Preferred Shares and Class A Shares may be affected by the level of interest rates prevailing from time to time. A rise in interest rates may have a negative impact on the market prices of the Class A Shares and Preferred Shares and increase the cost of borrowing to the Company, if any. Shareholders who wish to redeem or sell their Class A Shares or Preferred Shares prior to the Maturity Date will therefore be exposed to the risk that the market prices of the Class A Shares and Preferred Shares may be negatively affected by interest rate fluctuations. In addition, the distribution rate on the Preferred Shares may be changed at the time of an extension of the Maturity Date, which may also affect the market price of such Class A Shares and Preferred Shares.

Greater Volatility of the Class A Shares

An investment in the Class A Shares represents a leveraged investment by virtue of the fact that the Preferred Shares are entitled to a fixed amount upon the termination or winding-up of the Company. This leverage amplifies the potential return to investors of Class A Shares in so far as returns in excess of the amounts payable to holders of Preferred Shares accrue to the benefit of the holders of Class A Shares. Conversely, any losses incurred by the Portfolio first accrue to the detriment of the holders of the Class A Shares since the Preferred Shares rank prior to the Class A Shares in respect of distributions and proceeds upon the winding-up of the Company.

Changes in Credit Rating

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There can be no assurance that the Preferred Shares will maintain their rating by DBRS for any given period of time or that the rating will not be lowered or withdrawn entirely by DBRS if in DBRS' judgment circumstances so warrant. A lowering or withdrawal of the rating of the Preferred Shares may have a negative effect on the market value of the Preferred Shares.

Reliance on the Manager

The Manager is responsible for providing, or managing for the provision of, management and administrative services including investment and portfolio management services required by the Company. Investors who are not willing to rely on the Manager should not invest in Shares.

The Manager manages the investment portfolio in a manner consistent with the Investment Objectives, Investment Guidelines, Rebalancing Criteria and Investment Restrictions of the Company. The employees of the Manager who are primarily responsible for the management of the investment portfolio have extensive experience in managing investment portfolios and writing covered call and cash covered put options in connection with managing such investment portfolios. There is no certainty that the employees of the Manager who are primarily responsible for the management of the Portfolio will continue to be employees of the Manager, throughout the term of the Company.

Conflicts of Interest

The Manager and its directors and officers and its respective affiliates and associates may engage in the promotion, management or investment management of any other fund or trust with similar investment objectives and/or similar investment strategies to those of the Company. Although none of the directors or officers of the Manager devotes his or her full time to the business and affairs of the Company, each devotes as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the Company and the Manager, as applicable.

Use of Options and Other Derivative Instruments

The Company is subject to the full risk of its investment position in the securities comprising the Portfolio, including those securities that are subject to outstanding call options and those securities underlying put options written by the Company, should the market price of such securities decline. In addition, the Company will not participate in any gain on the securities that are subject to outstanding call options above the strike price of the options.

There is no assurance that a liquid exchange or over-the-counter market will exist to permit the Company to write covered call options or cash covered put options or purchase cash secured put options on desired terms or to close out option positions should the Manager desire to do so. The ability of the Company to close out its positions may also be affected by exchange imposed daily trading limits on options or the lack of a liquid over-the-counter market. If the Company is unable to repurchase a call option which is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires. In addition, upon the exercise of a put option, the Company will be obligated to acquire a security at the strike price which may exceed the then current market value of such security.

In purchasing call or put options or selling call or writing put options, the Company is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations.

Sensitivity to Volatility Levels

The Company intends to sell call options in respect of some or all of the securities held in the Portfolio. Such call options may be either exchange traded options or over-the-counter options. By selling call options, the Company will receive option premiums. The amount of option premium depends upon, among other factors, the implied volatility of the price of the underlying security as, generally, the higher the implied volatility, the higher the option premium. The level of implied volatility is subject to market forces and is beyond the control of the Manager or the Company.

Securities Lending

The Company may engage in securities lending. Although the Company will receive collateral for the loans and such collateral is marked-to-market, the Company will be exposed to the risk of loss should the borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the Portfolio of loaned securities.

Taxation

In determining its income for tax purposes, the Company treats option premiums received on the writing of covered call options and cash covered put options and any losses sustained on closing out such options as capital gains and capital losses, as the case may be, in accordance with its understanding of the CRA's published administrative policy. Gains or losses on the disposition of shares, including the disposition of shares held in the Portfolio upon exercise of a call option, are treated as capital gains or losses. The CRA's practice is not to grant an advance income tax ruling on the characterization of items as capital gains or income and no advance ruling has been requested or obtained.

If, contrary to the CRA's published administrative policy or as a result of a change in law, some or all of the transactions undertaken by the Company in respect of options are treated on income rather than capital account, after-tax returns to Shareholders could be reduced, the Company could be subject to non-refundable income tax from such transactions and the Company could be subject to penalty taxes in respect of excessive capital dividend elections.

There can be no assurance that changes will not be made to the tax rules affecting the taxation of the Company or the Company's investments, or that such tax rules will not be administered in a way that is less advantageous to the Company or its Shareholders.

Loss of Investment

An investment in the Company is appropriate only for investors who have the capacity to absorb investment losses.

Significant Retractions

If a significant number of Class A Shares or Preferred Shares are retracted, the trading liquidity of the Class A Shares and Preferred Shares could be significantly reduced. In addition, the expenses of the Company would be spread among fewer Class A Shares and Preferred Shares resulting in a potentially lower NAV.

Non-Concurrent Retraction

Holder of Class A Shares and Preferred Shares will be offered a non-concurrent retraction right in each year in which there is an extension of the term of its Class A Shares and Preferred Shares. In such event, to the extent that there are unmatched numbers of Class A Shares and Preferred Shares tendered for retraction, the Class A Shares or Preferred Shares, as the case may be, may be called by the Company for redemption on a pro rata basis in order to maintain the same number of Class A Shares and Preferred Shares outstanding. The number of retractions by holders of Class A Shares and Preferred Shares may be influenced by the performance of the Company, the management expense ratio and the trading discount to NAV, among other things.

Changes in Legislation and Regulatory Risk

There can be no assurance that certain laws applicable to the Company, including securities legislation, will not be changed in a manner which adversely affects the Company or Shareholders. If such laws change then such changes could have a negative effect upon the value of the Company, the Shares and upon investment opportunities available to the Company.

Accrued Gains

The adjusted cost base to the Company for tax purposes of shares of certain securities in the Portfolio may be less than their fair market value. Accordingly, all Shareholders may be liable for tax on capital gains attributable to such securities to the extent such capital gains tax is not refundable to the Company and such capital gains are therefore distributed as a capital gains dividend.

Exchange of Tax Information

The Company is required to comply with due diligence and reporting obligations imposed under Part XVIII of the Income Tax Act (“Part XVIII”), which implements the Canada-United States Enhanced Tax Information Exchange Agreement. As long as Shares continue to be listed on the TSX, the Company should not have any U.S. reportable accounts and, as a result, it should not be required to provide information to the CRA in respect of Shareholders under Part XVIII. However, under Part XVIII, dealers through which Shareholders hold their Shares are subject to due diligence and reporting obligations with respect to financial accounts that they maintain for their clients. Shareholders may be requested to provide information to their dealer in order to allow the dealer to identify “Specified U.S. Persons” holding Shares, and in the case of certain entities that are Shareholders, to provide such information relating to their controlling persons. If a Shareholder or a controlling person of a Shareholder is a Specified U.S. Person (including a U.S. citizen or green card holder who is resident in Canada) or if the Shareholder does not provide the requested information, the Shareholder’s dealer will be required by Part XVIII to report certain information about the Shareholder’s investment in the Company to the CRA, unless the Shares are held by a registered plan. The CRA will then provide that information to the U.S. Internal Revenue Service.

In addition, reporting obligations in the Income Tax Act have been enacted to implement the Organization for Economic Co-operation and Development Common Reporting Standard (the “CRS Rules”). Pursuant to the CRS Rules Canadian financial institutions are required to have procedures in place to identify accounts held by residents of foreign countries (other than the United States) (“Reportable Jurisdictions”), or by certain entities any of whose “controlling persons” are resident in a Reporting Jurisdiction. The CRA Rules provide that Canadian financial institutions must report certain account information and other personal identifying details of Shareholders (and, if applicable, of such controlling persons) who are residents of Reportable Jurisdictions to the CRA annually. Such information would be available to be exchanged on a reciprocal, bilateral basis with Reportable Jurisdictions in which the account holders or such controlling persons are resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Under the CRS Rules, Shareholders will be required to provide such information regarding their investment in the Company to the Shareholder’s dealer for the purpose of such an information exchange, unless the Shares are held by a registered plan.

Cybersecurity Risk

The information and technology systems of Brompton Funds, the Company’s key service providers (including its custodian, registrar and transfer agent, valuation services provider and securities lending agents) and the issuers of securities in which the Company invests may be vulnerable to cybersecurity risks such as potential damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons (e.g. through hacking or malicious software) and general security breaches. A cybersecurity incident is an adverse intentional or unintentional action or event that threatens the integrity, confidentiality or availability of the Company’s information resources.

A cybersecurity incident may disrupt business operations or result in the theft of confidential or sensitive information, including personal information, or may cause system failures, disrupt business operations or require Brompton Funds or a service provider to make a significant investment to fix, replace or remedy the effects of such incident. Furthermore, a cybersecurity incident could cause disruptions and negatively impact the Company’s business

operations, potentially resulting in financial losses to the Company and Shareholders. There is no guarantee that the Company or Brompton Funds will not suffer material losses as a result of cybersecurity incidents. If they occur, such losses could materially adversely impact the Company's net asset value.

FEES AND EXPENSES

Management Fee

The Manager receives an annual management fee (the "Management Fee") from the Company equal to 0.60% per annum of NAV, calculated and payable monthly in arrears, plus any applicable taxes for providing management, administrative and investment advisory services to the Company. The Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Company, and may delegate certain of its powers to third parties at no additional cost to the Company where, in the discretion of the Manager, it would be in the best interests of the Company and the Shareholders to do so.

Service Fee

The Manager is also paid a service fee (the "Service Fee") by the Company which is applied to pay the service fees payable to dealers based on the number of Class A Shares held by clients of such dealers at the end of each relevant quarter. The Service Fee (calculated quarterly and paid as soon as practicable after the end of each calendar quarter) is equal to 0.40% per annum of the value of the Class A Shares held at the end of the relevant quarter by clients of dealers, plus applicable taxes. For these purposes, the value of a Class A Share is the NAV per Class A Share.

Ongoing Expenses

The Company also pays for all expenses incurred in connection with its operation and administration, including, without limitation, all costs of Portfolio transactions, fees payable to the Manager, debt service costs, the Service Fee, custodial fees, legal, audit and valuation fees and expenses, fees and expenses of the directors of the Manager, fees and expenses of the non-management directors of the Company, fees of the members of the IRC, expenses related to compliance with NI 81-107, reasonable fees and expenses relating to the voting of proxies by a third party, premiums for directors' and officers' insurance coverage for the directors and officers of the Manager and the Company and the members of the IRC, costs of reporting to Shareholders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements of the Company and investor relations, fees and expenses relating to any services provided by third parties, taxes, brokerage commissions, costs and expenses relating to the issue of shares, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses that the Company may incur and all amounts paid on account of indebtedness of the Company. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Custodian and/or any of their respective officers, directors, the IRC members, employees, consultants or agents is entitled to indemnity by the Company. The Company will also pay for all expenses incurred in connection with its termination on or about the Maturity Date.

LEGAL MATTERS

Unless otherwise specified in the Prospectus Supplement, certain legal matters relating to any offering of Preferred Shares and Class A Shares will be passed upon by Osler, Hoskin & Harcourt LLP, Toronto, Ontario. As of the date hereof, the partners and associates of Osler, Hoskin & Harcourt LLP, as a group, own less than 1% of the outstanding Preferred Shares or Class A Shares of the Company.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the

time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE COMPANY AND THE MANAGER

Dated: October 31, 2019

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

Life & Banc Split Corp.

(signed) Mark A. Caranci
President and Chief Executive Officer

(signed) Craig T. Kikuchi
Chief Financial Officer

On behalf of the Board of Directors

(signed) Christopher S.L. Hoffmann
Director

(signed) Raymond R. Pether
Director

**Brompton Funds Limited
(as Manager)**

(signed) Mark A. Caranci
President and Chief Executive Officer

(signed) Craig T. Kikuchi
Chief Financial Officer

On behalf of the Board of Directors

(signed) Christopher S.L. Hoffmann
Director

(signed) Raymond R. Pether
Director